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RUEHBJ/AMEMBASSY BEIJING 3490  
RUEHKO/AMEMBASSY TOKYO 3354  
RUEHIT/AMCONSUL ISTANBUL 4021  
RHEHNSC/NSC WASHDC  
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RUEAIIA/CIA WASHDC  
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C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 001294

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SUBJECT: TURKMENISTAN: GOVERNMENT INDIFFERENCE IMPEDING  
DEVELOPMENT

REF: ASHGABAT 847

Classified By: Charge d'Affaires Sylvia Reed Curran. Reasons 1.4 (B) and (D).

¶1. (C) SUMMARY: The Turkmen people are making ends meet by creativity in business and supporting family within the tribal system, but with little help from their government. The EU TACIS Program Advisor in Turkmenistan said that traditional assistance programs allow the government to take a cut of the money, and that the best development programs are ones that work directly with the people who will benefit from the aid. TACIS is starting an education program in 2010 that aims to implement minimum quality standards in Turkmen schools, starting by measuring Turkmen schools' current standing, but it remains to be seen how the Turkmen government will react to a program with firm objectives and timelines. END SUMMARY.

¶2. (C) Michael Wilson, EU TACIS Program Advisor, told Poloff that the EU's 70 million euros worth of technical assistance money will amount to no more than a European taxpayer donation to the Government of Turkmenistan, unless TACIS is able to create programs that translate knowledge to the Turkmen so that they can continue the programs themselves. Wilson was critical of the traditional assistance programs that use the government as an intermediary, saying that "they just give the government an opportunity to skim money off the top." He said that the most important area to focus on is getting the Turkmen government to adhere to international minimum quality standards in education, as laid out in the Millennium Development Goals. The Turkmen education system has been lagging behind international norms since the mid-1980s, when the Soviet Union stopped sending Turkmen teachers to Moscow for continuing education. Former President Niyazov did further damage with his campaign to "Turkmenize" the education system by teaching only in Turkmen and omitting the 10th year of school.

WHAT MAKES A SUCCESSFUL TRAINING PROGRAM

¶3. (C) Although many Turkmen have participated in foreign training programs, they have almost no chance of putting that knowledge to use in their jobs in Turkmenistan. Wilson said

that the most successful programs are ones that fully involve the Turkmen who are receiving the assistance. One example he gave was a TACIS micro-credit program that loaned money to 11 farmers' unions around the country. Over the last eight years these unions have decided to lend the money out at a rate of two percent (government-owned banks charge between 14 and 20 percent) and have reinvested their profits in new equipment and in expanding their operations to include sewing groups for women and other activities.

14. (C) Wilson also noted the success of the NATO Science for Peace program, known as the Virtual Silk Highway, which paid for and set up computers with Internet at 18 universities in Turkmenistan. Students can access distance learning classes in Russian and English through these computers. Wilson remarked that when the computers were first set up, no one was allowed to use them. That changed when the Academy of Sciences, the local partner, offered to train the rectors of all the universities on the computers. Since then, 700-800 students a year have access to distance learning programs, and computers were recently set up in three elementary schools. Wilson mentioned a trend of students are going to English language sites more and more frequently, where as during the first six years, the majority of sites accessed were in Russian.

#### HOW THE TURKMEN SURVIVE, DESPITE THEIR GOVERNMENT

15. (C) As these small successes show, according to Wilson, improving the level of education, business skills, or technical knowledge takes years. Meanwhile, people are

ASHGABAT 00001294 002 OF 002

surviving, but with little help from their own government. Tribes form the main support structures outside of Ashgabat, and members of the family will be taken care of, as long as they are not drug addicts. But addiction is on the rise, as traffickers in Afghanistan have started paying in kind, not in cash, thus increasing the supply of drugs in Turkmenistan and decreasing the price.

16. (C) The unified exchange rate (reftel) has also harmed the standard of living, by raising the cost of both imported and local goods. This has forced creativity on the part of businessmen, who now save money by taking such measures as sharing a truck with other businessmen to take goods to the market. In the case of Yimpas, the Turkish department store, the buyers are now much more careful about only stocking products that sell. But the increase in prices has not been accompanied by an increase in salaries, and corruption has risen as a result. Bribes for university entrance have gone up, as well as instances of drivers siphoning gas from government vehicles or farmers taking seeds for their personal use. People are still allowed to set up small businesses with three or less people without registering or having to pay taxes, but the cost of all inputs has increased, making it much more difficult to make a profit.

17. (C) Wilson noted that the government is keeping tabs on people to monitor discontent. It sends graduates of the State Services Academy to work in villages for two years, and they also report to Ashgabat. According to Wilson, President Berdimuhamedov is savvy, although not as savvy as Niyazov was, in monitoring public opinion and adjusting to avoid problems.

18. (C) COMMENT: Wilson has been living in Turkmenistan for more than 10 years, and was as critical of Berdimuhamedov's government as of Niyazov's. In Wilson's view, Western governments have been too forgiving of the Turkmen government. If development programs are going to have any impact, Wilson argues that the Turkmen government will need to be held to objective standards and firm timelines. The education program that TACIS will begin in 2010 will show how the Turkmen respond to that approach. END COMMENT.  
CURRAN